

DESIGN, VALIDITY, AND USE OF STRATEGICALLY FOCUSED EMPLOYEE ATTITUDE SURVEYS

BENJAMIN SCHNEIDER
University of Maryland at College Park

STEVEN D. ASHWORTH, A. CATHERINE HIGGS, LINDA CARR
Allstate Research and Planning Center

This paper presents logic, procedures, validity, and use of employee attitude surveys targeted on strategic objectives of the firm. The logic is that employees at the front line are in an optimal position to report on the degree to which strategic initiatives are being carried out. The procedure is to design survey questions that focus on the initiative rather than on employees' personal feelings or satisfaction. To validate employee reports, the relationships between those reports and customer satisfaction over four quarters of the use of the survey are shown. Evidence shows that the logical and empirical keying of employee surveys to strategic initiatives and objectives of the firm provide data of immediate use to management, in the present case to both marketing and human resources management.

By the 1930s employee attitude surveys were being frequently used in business to assess and document employee morale. History shows that, with the advent of the Thurstone procedure for attitude assessment (Thurstone & Chave, 1929), the large scale assessment of attitudes, both at work and elsewhere, took hold. Tiffin in 1942 noted that (p. 318):

Until recently, management attempted to keep in touch with the morale of the working force only through such factors as chance remarks by employees, appearance and behavior of men [sic] at work, and occasional reports by supervisors. These methods were none too satisfactory. . . . [I]f morale is to be gauged or measured, means must be found to encourage employees to express their honest feelings and reactions. The most satisfactory method of doing this is by means of an anonymous attitude survey or labor audit.

Did we ever follow his prescription!

We offer special thanks to the project teams, both researchers and business professionals, of Allstate Insurance Company, who designed, developed, and administered the customer and employee measurement programs referred to in this paper. Without their hard work and creative efforts, this research could not have been done.

Correspondence and requests for reprints should be addressed to Benjamin Schneider, Department of Psychology, University of Maryland, College Park MD 20742.

By 1949, Bellows reported that employee attitude surveys constituted a useful means for comparing the effectiveness of supervision from one department to another department within a company. He further indicated that these "morale" surveys were useful as diagnostics for preparing remedial treatment in the form of supervisory training where required. As he noted (1949, p. 368): "Employee attitude surveys are one of the direct means of getting information on a plant-wide basis directly into the hands of managers who need it."

Twenty years ago, Locke (1976) estimated that more than 3,350 studies of employee job satisfaction already existed in the research literature (published articles and dissertations). How many millions of attitude surveys had been conducted by then, and since, is anyone's guess. Companies of all sizes, and in all kinds of industries have created and used these employee attitude, morale, and job satisfaction surveys to inform management about the feelings of their employees.

Recently some researchers and practitioners have begun using employee surveys to assess more than employee morale, attitudes toward the company, and job satisfaction (Higgs & Ashworth, 1996). These new surveys have been designed to focus on strategic imperatives of the corporation. In these surveys employees are asked about the practices and policies they experience and they see happening to them and around them *with regard to specific strategic goals of the corporation*. These goals can be as diverse as customer service quality (Schneider & Bowen, 1985), accident prevention (Zohar, 1980), leadership (Kozlowski & Doherty, 1989), or understanding the integration of two firms after a merger (Schweiger, Ridley, & Marini, 1992).

For example, Schneider and Bowen (1985) demonstrated that employee descriptions of the policies and practices of their organization with regard to creating a service quality climate were significantly related to customer perceptions of the service quality they received. In fact, Schneider and Bowen report a replication of an earlier study (Schneider, Parkington, & Buxton, 1980) in which similar results had been obtained (both studies used bank branches as the service delivery organizations).

Zohar (1980) reports similarly impressive results using strategically focused employee surveys for understanding accidents in the work place. He sampled employees working in several Israeli industries and had them report via the survey the emphasis on safety through policies and practices (such as training, safety communications, etc.) under which they worked. Zohar then collected the safety reports of government evaluators of the plants he had sampled and was able to show how employee reports on these practices and policies were significantly correlated with the safety evaluations done by the government inspectors.

What is particularly impressive about results like those reported by Schneider and his colleagues and Zohar is that employee reports of the practices and procedures under which they worked are significantly correlated with judgments made by observers external to the organization. This is impressive for several reasons. First, such results show the *validity* of employee reports of the practices and policies under which they work. Second, these reports, being valid, can serve as diagnostics of the degree to which an organization is carrying out its strategic objectives through the implementation and use of practices and policies likely to prove effective in achieving those objectives. In an era of empowerment, in which companies are increasingly pushing decision making to lower levels of the organization, it is gratifying to know that employee reports about what happens to them and around them *are* valid.

In this article we describe the development, implementation, validation and use of a strategically focused employee attitude survey that addresses a very broad range of issues related to a quality management initiative. The validity of employee reports is demonstrated by establishing the relationship between those reports and customer satisfaction in dealing with the organization. In addition, we present some data about the use of the results as input into continued decision making regarding organizational effectiveness.

Background to the Present Effort

In this insurance company, an initiative was put in place to establish a total quality environment and to communicate the company's business strategies in a way that was understandable to employees. The organization had reasoned that it would develop its own view of what quality meant: to be the best for customers, for shareholders, and for employees. The business strategy designed to accomplish these goals contained seven elements:

1. Customer-focused quality
2. Customer satisfaction
3. Customer retention
4. Profitability
5. Competitive position
6. Sustainable growth
7. Employee opportunity and development

The strategy was conceptualized as a cycle such that each element of the strategy yielded the next element in the strategy—in other words, the strategy was thought of as a cycle in which prior elements yielded succeeding elements.

An integral part of this strategic initiative was the decision to track the degree to which the initiative was being implemented. That is, because management was going to commit resources to the initiative, it wanted to track implementation to all levels and sites of the organization; it realized that it is one thing to commit resources to an initiative and it may be another thing to have it actually happen.

A 2-day meeting of the authors of the article and some key players in the implementation of the new initiative was held to (a) review the initiative and its elements and (b) propose a strategy for collecting employee surveys in ways that might tap the kinds of practices and policies that were relevant for ensuring the accomplishment of the elements of the initiative. The goals of the survey were to:

- track employee views over time of the degree to which the elements of the initiative were being accomplished; and
- establish the degree to which implementation of those policies and practices was related to the outcomes of customer satisfaction and customer retention.

The first kind of data allowed management to track progress on the implementation of the initiative. The second kind of data offered management insight into what might be the "triggers" or "drivers" of achieving two fundamentals of continued corporate effectiveness, customer satisfaction and the retention of an increasingly large proportion of the present customer base. The logic, of course, was to not only assess implementation effectiveness of the strategic cycle but to diagnose those practices and procedures most closely tied to the customer satisfaction and retention issues.

Survey Development and Administration

The survey went through several iterations to achieve its final length of 39 items. Issues of feasibility of administration (length, understandability, and mode of administration), comprehensiveness of the coverage of the elements of the initiative and their potential policy and practice correlates, and political feasibility (use of negatively worded practices, avoidance of "loaded" issues) all played a role in the final item selection. In addition, we attempted to include items in the survey that both tapped into the new strategy and had been shown in prior research to reflect a climate for service (Schneider & Bowen, 1985; Schneider, Wheeler, & Cox, 1992).

Finally, in designing items for the survey, an attempt was made to focus respondents on being observers of what was going on in their work units rather than on how they were feeling about their work and their

organization. To this end, the following guidelines for survey design were followed:

- Respondents were asked to report on practices and policies that defined their work situation, not tell us whether they liked these conditions or were satisfied with them: "Your experiences and observations as an employee are key to ensuring continuous improvement in our company's performance."
- The scale used was one that focused on the frequency with which policies and practices happened or how often the policies and practices were experienced. This mode of responding avoids the familiar agree-disagree format used when employees are asked for their personal opinions or feelings; we wanted employees to be observers of the policies and procedures characterizing their work setting.
- Items were all written using the language of the company and the language of the strategic initiative rather than generic language.

The final survey was administered by computer to make both administration and data analysis more efficient *and* to make the use of the survey (to be administered quarterly) truly an on-line employee survey.

The survey was administered to a random sample of 13,000 employees for each quarter reported on here (about 55% of the employees responded for a total sample of approximately 7,000 per administration). Data from employees were collected for four consecutive quarters as were the customer satisfaction data used as the correlates of employee reports. Customer satisfaction data were collected from approximately 50,000 customers for each quarter reported on here and are summarized at the regional level. The 27 regions of the company constitute the sample for all analyses to be reported here. In this company, the region is the major unit of responsibility and action and the key driver of the strategic initiative.

In what follows, we focus on the relationships that emerged between the employee survey data and the customer satisfaction data. We focus on these results for two reasons: (a) such results are highly actionable because they reveal policies and practices as reported by employees that are related to customer satisfaction and retention, and (b) our purpose was not to test some theory of organizational functioning but to establish those facets of the strategy most strongly reflected in important business outcomes.

Survey Data Analysis and Results

We calculated a simple correlation matrix of the 39 employee survey items and the customer satisfaction and retention intention (actually, likelihood of renewal) data in the first and second quarters. Eight items were chosen from the first quarter employee survey that consistently correlated with overall customer satisfaction (OCS) obtained in the same quarter.¹ These findings were replicated with the data from the second quarter of the year, and based on these results, seven items were retained. Results from the third and fourth quarters were not used to select the final seven items, therefore data from these quarters are cross-validation evidence.

The seven items used in these analyses are shown in Table 1. One item that emerged as significant is particularly interesting in that it is precisely tied to the strategy initiative as outlined earlier. This item, Item 7 in Table 1, was a multi-part item and asked respondents the following question:

How often does your immediate manager/team leader talk to you and your co-workers about how the work of your group contributes to:

- a. customer-focused quality
- b. customer satisfaction
- c. customer retention
- d. profitability
- e. competitive position

In addition, as shown in Table 1, there were items that tapped into the strategic issue of employee opportunity and development (items 5 and 6), as well as specific practices and procedures related to customer-focused quality (items 1, 2, and 3) among the seven most consistent correlates of the customer satisfaction data. Consistent with prior reports on this issue (Schneider & Bowen, 1985), this research also found that the strongest and most consistent correlate of customer satisfaction was the item "How often are customers satisfied with the overall service our company gives to them?" Because overall customer results are routinely provided to employees (making the results of this single item potentially contaminated) and the feeling that this item was less actionable than other items, this item was not retained in the analyses presented here.

For the seven items chosen, the correlation between each of them and the customer data was typically around .40 or higher. Averaging

¹Nine different kinds of customer satisfaction data are collected in this organization but for present purposes results are only presented for two: overall customer satisfaction and customer policy renewal likelihood. The other indices of satisfaction are strongly correlated with the two for which we present results.

TABLE 1

The Items Scored for the Customer Orientation Index (COI)

-
1. When customer requirements are not met, how often do people in your work group take action so the problem does not occur in the future? (Response scale: 1 = *All of the time*; 6 = *Never*)
 2. How often do you receive feedback as to how satisfied your customers are? (Response scale: 1 = *Frequently*; 5 = *Never*)
 3. How much does our company actively solicit input from customers? (Response scale: 1 = *A great deal*; 6 = *Not at all*)
 4. Would you recommend the purchase of [our company's] insurance to a friend or relative? (Response scale: 1 = *Definitely would*; 5 = *Definitely would not*)
 5. In the past 12 months have you had a formal performance appraisal discussion to compare your performance against your goals or Major Responsibilities and Performance Standards? (Response scale: 1 = *Yes*; 2 = *No*)
 6. How much opportunity is there for you to pursue your job and career interests [in our company]? (Response scale: 1 = *A great deal*; 5 = *Not much*)
 7. How often does your (immediate manager/team leader) talk to you and your co-workers about how the work of your group contributes to... [See text for detail on this question] (Response scale: 1 = *Frequently*; 5 = *Never*)
-

across the seven items produced a composite we called the "customer orientation index" (COI). When we correlated the COI with customer satisfaction and likelihood of renewal for each of the four quarters, the correlations that resulted are shown in Table 2.

Table 2 contains quite a bit of information and is to be interpreted as follows. The diagonal entries in the table reveal the concurrent correlations between the COI and Overall Customer Satisfaction (OCS) and Likelihood of Renewal (LR); the diagonal entries show the correlations for each of the four quarters with no time lags. Reading across the rows reveals the correlations between the COI for each quarter and OCS and LR in succeeding quarters. For example, the first row, labeled Quarter 1 COI, shows the employee data gathered in the first quarter correlated with OCS and LR for the first quarter (OCS, $r = .62$; LR, $r = .52$), the second quarter (OCS, $r = .62$; LR, $r = .56$), the third quarter (OCS, $r = .63$; LR, $r = .51$), and so forth.

It is useful to note in Table 2 that, generally speaking, the correlations remain fairly constant or increase as the time lags increase when reading the rows. In contrast, when reading the columns, the correlations decrease as the time lags increase. For example, the COI correlation with OCS increases from $r = .62$ at quarter one to $r = .68$ when measured at quarter four. But for the lags involving OCS, the correlations go from $r = .62$ for the Q1/Q1 concurrent period to $r = .44$ for the Q1 OCS data correlated with the Q4 COI data. The corresponding data for customer reports of the likelihood of renewal (LR) reveal a similar pattern of correlations with consistently weaker relationships by a factor of about

TABLE 2

Relationships Between Employee Data and Customer Data, Over Time

Employee data	Customer data							
	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	OCS	LR	OCS	LR	OCS	LR	OCS	LR
Quarter 1 COI	.62	.52	.62	.56	.63	.51	.68	.55
Quarter 2 COI	.47	.49	.49	.45	.44	.40	.51	.46
Quarter 3 COI	.54	.45	.46	.46	.44	.28(<i>ns</i>)	.52	.43
Quarter 4 COI	.44	.42	.42	.38	.40	.30(<i>ns</i>)	.48	.38

Note: The employee data are identified by COI (Customer Orientation Index); the customer data are identified by OCS (Overall Customer Satisfaction) and LR (Likelihood of Renewal). Quarter 1, 2, 3, and 4 refer to the four quarters of data. Although the number of employees contributing data each quarter exceeds 7,000, the sample size for these correlations is 27, the number of regions in the company—all correlation coefficients except those marked (*ns*) in the table are significant. Correlations exceeding .46 are significant at $p < .01$. See text for additional explanations.

.10. For example, the average of the correlations for OCS in the diagonal of Table 2 is .51; the average of the diagonal entries for customer likelihood of renewal (LR) is .41. The pattern of relationships shown in Table 2 suggests that the causal arrow runs from employee to customer data, rather than the reverse, over time. This particular kind of analysis is a simplified version of what is technically known as cross-lagged panel analysis and is a convenient way to explore sets of correlations collected over multiple points of time for the most likely causal sequence they reveal (Kenny, 1987).

Also of interest, but not shown in Table 2, are the data concerning the stability of the COI, OCS, and LR data over time. The COI data, over the four quarters (Q1 data r with Q4 data), shows stability of .82; the same data for customers reveals stability of .90 for the OCS data and .91 for LR. The stability estimates for the intermediate time periods (e.g., COI in quarter one with COI in quarter two) are similarly high.

Use of the Data

The data presented here have been received with considerable enthusiasm by both human resource and marketing executives in the company. This enthusiasm has been operationalized with the development of several cross-functional (marketing and human resources) work groups to explore ways of focusing region managers' efforts on improving the level of practices and procedures as identified in the customer orientation index. Of at least equal importance has been a point we made to these executives about the way these data focus efforts not only on issues of immediate importance but away from issues that appear less critical. Thus, the analyses we ran to identify the items making up the COI reveal

not only policies and practices that might benefit from increased attention by management but issues that do *not* presently appear to be as strongly reflected in customer satisfaction or customer renewal intentions.

Our procedure "keys" items on the survey to outcomes of interest, like customer satisfaction and likelihood of renewal. But by this "keying" we also identify practices and procedures to which attention may be less warranted. This "keying" of items thus has two benefits: where to pay more attention and where to pay less attention. For example, there were several items in the survey that indicated little relationship to customer satisfaction of any kind across all four quarters. Thus, neither of the items "How often are recognition programs administered fairly in our company," or "How often is your workload a barrier to providing quality customer service?" is significantly correlated with customer satisfaction.

The seven items keyed to customer satisfaction can be used to profile different regions, pinpointing the issues that might be addressed to improve both implementation of the new strategy as well as identifying issues to which attention might yield improved performance against customer satisfaction and likelihood of renewal over time. Some benefits of doing this kind of profiling have already been identified. For example, regions differ in the specific issues on which they are functioning well. That is, the elements in the COI are not so highly intercorrelated as to yield uniformity in performance on them for a specific region. *Where* or *at what* a region might best pay attention is something we can identify based on the data we generate.

Finally, concerning use of the data, procedures for feeding back results to the regions are being developed that integrate the marketing and the human resources' perspectives. Since data for customer satisfaction and employee perceptions are collected, managed, and distributed through separate processes, use of the data is facilitated greatly by the fortunate happenstance that both customer-focused (e.g., items 1-4 in Table 1) and human resources-focused issues (e.g., items 5 and 6 in Table 1) emerged strongly in the seven items making up the customer orientation index. This integration of marketing and human resources management bodes well for future use of the data, for connecting human resources to future strategic initiatives of the organization, and for enhancing the perceived utility of consulting with employees about the practices and procedures of the company. In fact, several regions have organized cross-functional action teams made up of human resources, marketing, and other functional areas to address the goal of improving customer *and* employee measures. Other regions have used more of an action-feedback process, sharing results with intact workgroups and developing workgroup level action plans.

Questions Still Requiring Attention

A question that is difficult for us to answer concerns the issue of the time lags shown in Table 2: What is the appropriate time lag for the presentation of these data? How far out from the collection of the employee data does the influence of those data persist against the customer data? Because, at this point in time, we have only the four quarters of data, these are questions we will continue to try to answer in the future.

A second interesting question concerns the projection on our part that the survey items placed in the customer orientation index from this initial research may deteriorate over time in their usefulness for detecting relationships to customer data. Consider what would happen if the following were true regarding item Number 2 in Table 1: All customer satisfaction data are always fed back to employees in the company in all regions. If this were true then there would be no variance on item Number 2 and responses to that item would no longer correlate with customer satisfaction. The dilemma is that the more successful the company is in working on the issues identified in Table 1 the less useful those items will be for diagnostic purposes against COI and LR. Of course, the company is interested in continuous improvement, and for this reason we plan to continue to administer a comprehensive survey, not just the items shown in Table 1, as we move forward with this quarterly survey. And we will continue to track the relationship between the items and the customer satisfaction data to ensure we are focusing the company's energies on the appropriate issues and that the response levels achieved on both the customer and employee sides are maintained.

Conclusion

At this point in time we can say that both the data generated here and the reception those data have received by management substantiate the observation we made in the opening to this paper: There is validity in employee reports of their experiences and these reports can be very useful as diagnoses of the degree to which a new strategy is being implemented and the degree to which policies and practices are related to the achievement of strategic goals like customer satisfaction and customer retention. The conceptual and empirical keying of attitude survey items to business strategy appears to not only generate academically interesting data but data that are useful, too, including the cross-functional integration of marketing and human resources management that these findings have stimulated.

REFERENCES

- Bellows RM. (1949). *Psychology of personnel in business and industry*. New York: Prentice-Hall.
- Higgs AC, Ashworth SD. (1996). Organizational surveys: Tools for assessment and research. In Kraut AI (Ed.), *Organizational surveys: Tools for assessment and change* (pp. 19-40). San Francisco: Jossey-Bass.
- Kenny DA. (1979). *Correlation and causality*. New York: Wiley.
- Kozlowski SWJ, Doherty ML. (1989). Integration of climate and leadership: Examination of a neglected issue. *Journal of Applied Psychology*, 74, 546-553.
- Locke EA. (1976). The nature and causes of job satisfaction. In Dunnette MD (Ed.), *Handbook of industrial and organizational psychology* (pp. 1297-1349). Chicago: Rand-McNally.
- Schneider B, Bowen DE. (1985). Employee and customer perceptions of service in banks: Replication and extension. *Journal of Applied Psychology*, 70, 423-433.
- Schneider B, Parkington JP, Buxton VM. (1980). Employee and customer perceptions of service in banks. *Administrative Science Quarterly*, 25, 252-267.
- Schneider B, Wheeler JK, Cox JF. (1992). A passion for service: Using content analysis to explicate service climate themes. *Journal of Applied Psychology*, 77, 705-716.
- Schweiger DM, Ridley RR Jr, Marini DM. (1992). Creating one from two: The merger between Harris Semiconductors and General Electric Solid State. In Jackson SE (Ed.), *Diversity in the workplace*. (pp. 167-201) New York: Guilford.
- Thurstone LL, Chave EJ. (1929). *The measurement of attitude*. Chicago: University of Chicago Press.
- Tiffin J. (1942). *Industrial psychology*. Englewood Cliffs, NJ: Prentice-Hall.
- Zohar D. (1980). Safety climate in industrial organizations: Theoretical and applied implications. *Journal of Applied Psychology*, 65, 96-102.

Copyright of Personnel Psychology is the property of Blackwell Publishing Limited. The copyright in an individual article may be maintained by the author in certain cases. Content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.